

Message Text

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PAGE 01 SANTIA 02589 150032 Z

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ACTION ARA-17

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C O N F I D E N T I A L SANTIAGO 2589

E. O. 11652: GDS

TAGS: CI, PINT

SUBJ: MILITARY BACK IN THE CABINET?

1. SUMMARY. TENSE POLITICAL AND ECONOMIC SITUATION HAS LED TO PERSISTENT RUMORS FEATURED IN DAILY PRESS THAT MILITARY WILL SOON TAKE MAJOR ROLE IN GOVT. ATMOSPHERE OF DEMONSTRATIONS AND VIOLENCE, SERIOUS EXECUTIVE/ CONGRESS AND EXECUTIVE/ JUDICIARY QUARRELS, REPORTED UNREST IN POLICE CORPS, EXPOSES OF CORRUPTION, AND MILITANT STATEMENTS BY UP ORGANIZATIONS ALL CHARACTERIZE CURRENT SCENE. END SUMMARY.

2. IN WAKE OF SUSPENSION FROM OFFICE OF MINLABOR AND MINMINES AND PENDING IMPEACHMENT CHARGES AGAINST MINECONOMY MILLAS, RUMORS ARE RIFE CONCERNING POSSIBLE REENTRY OF ARMED FORCES INTO GOVT. CURRENT SPECULATION CENTERS ON PORTFOLIOS OF INTERIOR, MINES, PUBLIC WORKS, AND ECONOMY. IN ADDITION, SOME OPPOSITION PRESS CLAIMS MILITARY MIGHT ALSO DEMAND OTHER KEY ECONOMIC POSTS SUCH AS HEAD OF CORFO AND MANAGERS OF CHUQUICAMATA AND EL TENIENTE COPPER MINES. ALL THREE SERVICE COMMANDERS ARE NOW BACK FROM THEIR VARIOUS FOREIGN TRIPS, FUELING THIS SPECULATION. OPPOSITION PRESS HAS ALSO REPORTED, HOWEVER, THAT NAVY, AIR FORCE, AND SOME ELEMENTS OF ARMY OPPOSE CABINET JOBS FOR MILITARY OFFICERS AS INSTITUTIONAL REPRESENTATIVES OF THEIR SERVICES, CONCLUDING THAT ANY EVENTUAL MILITARY APPOINTMENTS WILL BE OF INDIVIDUALS ACTING ONLY FOR THEMSELVES.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SANTIA 02589 150032 Z

3. GOVT HAS MADE NO STATEMENT ON POSSIBILITY OF CABINET RESHUFFLE , AND UP MEDIA HAVE GENERALLY DOWNPLAYED THE QUESTION. SOCIALIST ULTIMA HORA, HOWEVER, ANNOUNCED IN FRONT- PAGE HEADLINES THAT NO CABINET SHAKEUP IS IMMINENT AND THAT OPPOSITION HAD GENERATED RUMORS AS PART OF SOME DEVIOUS PLOT. GENERAL INTERPRETATION GIVEN ULTIMA HORA STORY IS A VEILED WARNING THAT MILITARY IN CABINET WOULD BE UNACCEPTABLE TO AT LEAST ELEMENTS OF PS. PDC SEN MUSALEM, CALLED ON MILITARY NOT TO REENTER ALLENDE GOVT SINCE THEY HAD BEEN UNABLE TO EFFECT ANY BASIC POLICY CHANGES LAST TIME AND HAD ONLY DAMAGED THEIR OWN INTEGRITY AND INTERNAL UNITY.

4. PART OF CASE BEING MADE FOR NECESSITY OF MILITARY RETURN TO GOVT IS HIGH LEVEL OF TENSION, PUNCTUATED BY ALMOST DAILY RALLIES AND STREET DEMONSTRATIONS, IMPEACHMENTS, EL TENIENTE STRIKE, AND CONTINUING SHORTAGES OF CONSUMER GOODS. MINOR VILLENCES RESULTED, FROM JUNE 13 MARCH OF CONSTRUCTION WORKERS AGAINST " CIVIL WAR" AND CENTERED ON APPARENT MIR/ PATRIA Y LIBERTAD CLASH NEAR LATTER' S HEADQUARTERS. OFFICES OF PDC' S LA PRENSA ALSO STONED. TODAY THERE ARE FOUR DIFFERENT DEMONSTRATIONS SCHEDULED, TWO UP, ONE MIR, AND TENIENTE MINERS (SANTIAGO 2561) WHO ARE NOW SCHEDULED TO START FROM RANCAGUA TODAY BUT STAY OVERNIGHT TONIGHT ON OUTSKIRTS OF SANTIAGO AND MAKE TRIUMPHAL ENTRY INTO DOWNTOWN SANTIAGO TOMORROW MORNING. OPPOSITION STUDENTS ANNOUNCED THEY WILL MARCH LAST LAP WITH MINERS, BUT GOVT AUTHORITIES POINTEDLY NOTED THAT NO AUTHORIZATION FOR MARCH HAS BEEN GRANTED. CUT, MEANWHILE, ISSUED UNUSUALLY HARD- LINE STATEMENT CALLING ON GOVT TO TAKE OFFENSIVE

AGAINST OPPOSITION, THEN ANNOUNCED NATIONWIDE ONE- DAY WORK STOPPAGE AND MASSIVE RALLY FOR JUNE 21.

5. NO DECISION HAS BEEN ANNOUNCED BY ANY SIDE ON THREE AREAS CONSTITUTIONAL AMENDMENT, AND IMPASSE CONTINUES. GOVT DID ANNOUNCE, HOWEVER, IT WILL VETO PDC- SPONSORED CONSTITUTIONAL AMENDMENT ON AGRARIAN AFFAIRS (SEPAIR) WHICH CONGRESS PASSED JUNE 11, THUS SETTING STAGE FOR REPLAY OF THREE AREAS IMBROGLIO. FOR MOST OF WEEK, BOTH HOUSES OF CONGRESS HAVE BEEN OCCUPIED WITH VARIOUS IMPEACHMENTS. JUNE 13, FORMER MANAGER OF FENSA APPLIANCE MANUFACTURER, ACTING AS PRIVATE CITIZEN, AND AS PROVIDED IN CONSTITUTION, FILED CHARGES WITH SENATE DEMANDING IMPEACHMENT OF ENTIRE CABINET FOR ISSUING DECREE OF INSISTENCE LEGALIZING GOVT TAKEOVER OF

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PAGE 03 SANTIA 02589 150032 Z

VARIOUS ENTERPRISES INCLUDING FENSA.

6. EXECUTIVE/ JUDICIARY CONFLICT DEEPENED WITH PUBLICATION OF LENGTHY PUBLIC LETTER FROM ALLENDE REBUTTING SUPREME COURT' S EARLIER ALEGATIONS OF AN " IMMINENT RUPTURE OF LEGAL INSTITUTIONALITY" (SANTIAGO 2336). ONUS OF ANY SUCH SITUATION, SAID PRESIDENT, IS CLEARLY RESPONSIBILITY OF COURT AND NOT UP GOVT. COMMUNIST DEPUTY LUIS GUASTAVINO, MEANWHILE, ANNOUNCED HE IS INVESTIGATING SOURCES OF INCOME OF SUPREME COURT JUSTICES.

7. RUMORS OF SERIOUS DISCONTENT IN CARABINEROS REACHED SUCH AN EXTENT THAT ACTING CARABINERO DIRECTOR ISSUED PUBLIC STATEMENT JUNE 13 SHARPLY DENYING OPPOSITION PRESS CLAIMS OF HOUSE ARRESTS, REPRISALS, AND EXCESSIVE TURNOVER.

8. EXPOSURE OF PURPORTED BLACK MARKET SALES OF NEW CARS BY MAPU TO FINANCE PARTY' S RECENT CONGRESSIONAL CAMPAIGN HAS LED TO ALMOST DAILY REVELATIONS OF UP MONEY- MAKING SHENANIGANS IN OPPOSITION PRESS. PDC SEN LAVANDEROS ANNOUNCED HE HAD EVIDENCE OF FIFTEEN SEPARATE INSTANCES OF UP GRAFT, BUT CORRUPTION ISSUE SO FAR HAS BEEN GREETED BY MASSIVE PUBLIC INDIFFERENCE.

9. OPPOSITION RADIO STATIONS INVOLVED WITH GOVT IN CONFLICT OVER OBLIGATORY NATURE OF GOVT- IMPOSED NETWORK (SANTIAGO 2542) CLAIMED AT LEAST MORAL VICTORY FOR CONTROLLER' S REITERATION THAT SUCH NETWORKS ARE NOT COMPULSORY.

10. UP IS BUSILY PREPARING FOR ITS ANNOUNCED NATIONAL CONGRESS JUNE 21-24. SANTIAGO PROVINCE UP WILL HOLD REGIONAL MEETING THIS WEEKEND. RADICAL PARTY (PR) WILL ALSO STAGE NATIONAL COUNCIL MEETING IN SANTIAGO JUNE 15-17.

11. COMMENT. POTENTIAL FOR MAJOR CONFRONTATION GROWING OUT OF CONFUSED AND AGITATED POLITICAL SCENE CLEARLY EXISTS. HOWEVER, CHILE HAS SHOWN IT CAN WITHSTAND A GOOD DEAL OF CONFUSION, AGITATION AND UNREST.
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